



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
3 WORLD FINANCIAL CENTER
ROOM 400
NEW YORK, NEW YORK 10281-1022

January 20, 2010

Via Facsimile

The Honorable Jed S. Rakoff
United States District Judge
U.S. District Court for the Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: *SEC v. Galleon Management, LP et al.; 09 Civ. 8811 (JSR)*

Dear Judge Rakoff:

By letter dated January 7, 2010, the Commission enclosed a copy of a Consent and Proposed Final Judgment as to defendants Choo-Beng Lee ("Lee") and Ali T. Far ("Far"), in which Lee and Far agree to the entry of an order: (1) permanently enjoining them from violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule 10b-5 promulgated thereunder; (2) ordering them, jointly and severally, to pay disgorgement in the amount of \$1,335,618.17, plus prejudgment interest thereon in the amount of \$96,385.52, for a total of \$1,432,003.69; and (3) ordering them, jointly and severally, to pay a civil penalty in the amount of \$667,809.09 pursuant to Section 21(d)(3) and Section 21A of the Exchange Act, and Section 20(d) of the Securities Act. At the Court's request, counsel for the Commission submits this letter to further explain the figures reached in settlement.

The parties to the settlement agree that the disgorgement figure represents the total trading profits/losses avoided as a result of the securities law violations alleged in the First Amended Complaint that defendants Lee and Far participated in individually and through entities they controlled – Far & Lee LLC and Spherix Capital LLC.¹ The prejudgment interest figure represents prejudgment interest on the disgorgement amount at the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In addition to disgorgement of profits, the proposed settlement assesses a civil penalty on defendants Lee and Far representing fifty percent of the trading profits/losses avoided, a discount from a one-time penalty, in recognition of their cooperation.

¹ Separately, the Commission reached a consensual resolution with the entities Far & Lee LLC and Spherix Capital LLC, which the Court approved on December 16, 2009.

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The Commission respectfully requests that Your Honor enter the proposed judgment with respect to defendants Lee and Far, which would resolve all issues in this action with respect to those defendants. Counsel for defendants Lee and Far have informed the undersigned that they agree with the contents of this letter and join in the Commission's request. The parties remain available for a conference should the Court have any further questions.

Very truly yours,

Valerie A. Szczepanik
Senior Trial Counsel

cc: Jeffrey L Bornstein, Esq. (by email)
Francisco J. Navarro, Esq. (by email)